

2007-2008 PERFORMANCE PLAN – Chief Operating Investment Officer (A. Stausboll)

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	2 nd Quarter Status
20%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leader. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Investment Policy (e.g., actively promote effective implementation of investment policy decisions made by the Chief Investment Officer and the Board) • Diversity (e.g., promote meaningful diversity among our investment partners and staff) • Succession Plan (e.g., training and developing strong internal candidates to potentially fill my role in the future) 	From schedule.	<p>Continued coordination of strategic planning and teambuilding/leadership efforts for Investment Office. Worked with SMSD and external consultants.</p> <ul style="list-style-type: none"> • Held kick-off strategic planning session on 10/19. • Held 2-day senior INVO staff teambuilding and leadership development session on 12/6-12/7. • Developed integrated plan and timeline for continuing both efforts with strategic plan to be completed by 6/30/08, and teambuilding component to be administered to entire INVO. <p>Worked with CIO, INVO staff, and other CalPERS divisions to implement new INVO initiatives, including e.g. new Inflation Linked Asset Class and IT Initiative. Ongoing development and review of Investment Committee and Policy Subcommittee agenda items. Assisted CIO in developing 11/08 Asset Allocation Workshop. Continued Policy Review Project. Coordinated efforts within INVO to implement Sudan and Iran divestment legislation.</p> <p>Ongoing service as Board Member (and CalPERS representative) for United Nations Principles for Responsible Investment, Ceres, and Toigo Advisory Board. Participated in Investor Network on Climate Risk working group to develop agenda for UN Summit on Climate scheduled for Feb. 2008.</p>

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	Leadership (Continued)			<p>Spoke at SACRS conference on divestment issues on 11/15.</p> <p>Oversaw development of white paper on environmental issues, presented to Congress in fall 2008.</p> <p>Began working with Toigo to develop formal summer internship program. Worked with Toigo to develop recruitment and networking event at CalPERS, scheduled for 2/08.</p> <p>Member of CalPERS ETM Steering Committee and ETM Organizational Design Committee.</p>
15%	Consultant Roles and Responsibilities	By June 30, 2008, complete review of the roles and responsibilities of the Board's independent investment consultants, and present findings and recommendations to Board.	From schedule.	Findings and recommendations for both aspects of the project (consultant performance review, and consultant roles and responsibilities) were prepared for presentation at 1/08 Board offsite.
15%	Investment Products	Research potential additional products for CalPERS members and present findings and recommendations at January 2008 Board offsite.	From schedule.	Oversaw continued research on potential additional investment products for California public sector employees; coordinated development of presentation for 1/08 Board offsite.
15%	Investment Staff Recruitment Strategy	By June 30, 2008, develop a comprehensive recruitment strategy for the Investment Office, with an emphasis on campus recruitment.	From schedule.	Continued working with Human Resources on investment component of enterprise-wide recruitment plan. Continued research and analysis of current and potential recruitment efforts within INVO, including comprehensive series of interviews with INVO senior staff. Developed list of university contacts.

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20%	Unitization and Supplemental Income Plan Line-Up	<p>By June 30, 2008, determine feasibility of and obtain CIO approval for a plan to unitize appropriate remaining portfolios (which could include, e.g., illiquid asset classes and externally managed portfolios) to enable enhanced portfolio product offerings by the SIPD, as well as improved asset allocation for the Affiliate Funds and the Annuitants' Healthcare Coverage Fund.</p> <p>By June 30, 2008, develop and obtain CIO approval for the second phase enhanced product line-up for the Supplemental Income Plan, including e.g., asset allocation funds, retention of small/mid cap managers, and additional PERF offerings (subject to feasibility and implementation of the unitization framework).</p>	From schedule.	<p>Continued discussions with other funds to determine best practices and approaches to unitization.</p> <p>Completed RFP process for small and mid cap managers, and presented recommendations to Investment Committee in 12/07; contracts to place managers in pool are being negotiated. Developed plan for creation of target date asset allocation funds and presented to Investment Committee in 12/07. Issued RFP to obtain consultants to develop funds.</p>
15%	Redesign Investment Management Incentive Compensation System	By June 30, 2008, complete the redesign of the investment management incentive compensation system, for implementation 2008-09.	From schedule.	Continued working in conjunction with Human Resources, Watson Wyatt, and Wilshire Associates on research and analysis of redesign features. Held several meetings with senior INVO staff to share status and obtain input. Update provided to Performance and Compensation Committee in December 2007. Board workshop scheduled for March 2008.
100%	Total	Qualitative Measures		